



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B41606

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January 4, 2013

Charter School Board  
Imagine-Fort Wayne Charter Schools, Inc.  
2000 N. Wells Street  
Fort Wayne, IN 46808

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 through 4 contain three audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Imagine-Fort Wayne Charter Schools, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

The Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

*State Board of Accounts*

SUPPLEMENTAL AUDIT REPORT

OF

**IMAGINE – FORT WAYNE CHARTER SCHOOL, INC.**

ALLEN COUNTY, INDIANA

July 1, 2011 to June 30, 2012

**Fitzgerald | Isaac** LLC  
Certified Public Accountants

IMAGINE – FORT WAYNE CHARTER SCHOOL, INC.

ALLEN COUNTY, INDIANA

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IMAGINE – FORT WAYNE CHARTER SCHOOL, INC.

ALLEN COUNTY, INDIANA

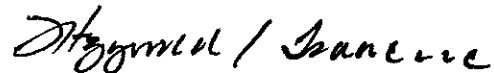
School Officials

Year Ended June 30, 2012

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Pat Sheean	07/01/11 – 06/30/12
Executive Vice President	Jason Bryant	07/01/11 – 06/30/12
Regional Director	Rachel Cirullo	07/01/11 – 06/30/12
Principal	James Huth	07/01/11 – 06/30/12
Regional Business Manager	Amy Williams	07/01/11 – 06/30/12
Regional Accountant – Treasurer	Larysa Thorsteinson	07/01/11 – 06/30/12
School Business Manager	Shelley Wiesenber	07/01/11 – 06/30/12

The Board of Directors  
Imagine – Fort Wayne Charter School, Inc.

We have audited the financial statements of **Imagine – Fort Wayne Charter School, Inc.** (the “School”) as of and for the year ended June 30, 2012 and have issued our report thereon dated November 13, 2012. As part of our audit, we tested the School’s compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.



Indianapolis, IN  
November 13, 2012

IMAGINE – FORT WAYNE CHARTER SCHOOL, INC.

ALLEN COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2012

CASH RECEIPTING AND DEPOSITING

In our examination of 25 cash receipts transactions, we noted:

- One instance where the total of cash receipts was approximately \$300 greater than the amount reflected on the bank deposit.
- Six instances where cash receipts were held 4 to 7 days before being deposited.

All school corporation money must be deposited in the duly designated depository not later than the business day following the receipt of funds on business days of the depository designated in the same form in which the funds were received in accordance with IC 5-13-6-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 4)

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

IMAGINE – FORT WAYNE CHARTER SCHOOL, INC.

ALLEN COUNTY, INDIANA

Audit Results and Comments, Continued

SCHOOL LUNCH ELIGIBILITY

The determination of eligibility for free and reduced meals was subject to examination by the Indiana Department of Education. A number of issues were identified, including:

1. Applications that were incorrectly completed.
2. Applications where household income was incorrectly determined.
3. Applications where certification of eligibility by a school official was not evident.
4. Instances where students were assigned incorrect meal benefits.
5. Evidence could not be provided to support the number of application verifications reported.

The results of test checks are to be reported to the Indiana Department of Education in accordance with 7CFR 245.6a...An error for purposes of the test-check is an approved application, attempted to be verified that cannot be verified by the program participants with requested income verification information (i.e., paycheck stub, W-2, etc.). (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17)

The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. [7 CFR, part 245.6(c)]

CAPITAL ASSETS

The School maintains a property record for accounting purposes, but this record does not include all assets in the possession of the School. A large number of assets with an initial cost of less than \$1,000 have been expensed in accordance with the School's accounting policies. A complete record of assets, whether capitalized or expensed, should be produced and maintained for disaster recovery purposes.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

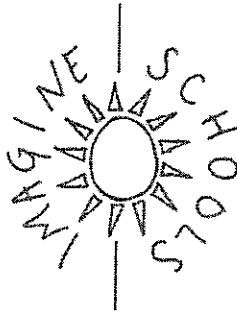
IMAGINE – FORT WAYNE CHARTER SCHOOL, INC.

ALLEN COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2012

The contents of this report were discussed on November 26, 2012, with Amanda Hernandez (Principal), Guy Platter (Regional Director), and Amy Williams (Regional Business Manager and Treasurer). The Official Response has been made a part of this report and may be found on pages 6 and 7.



Imagine Fort Wayne Charter School, Inc  
Allen County, IN  
Official Response  
Year Ended June 30, 2012

#### Cash Receipting and Depositing

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All deposits are receipted and maintained in the business office. The business office will ensure that all supporting documentation supports the deposited amount. The School Treasurer also reviews all deposits and supporting documentation. All cash will be deposited no later than the next business day.

#### School Lunch Eligibility

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The 2011-12 school year was an exception. The Lunch Room Manager who held that position failed to diligently comply with internal procedures and regulatory requirements.

As a result, the Lunch Room Manager at the school was replaced at the beginning of 2012. Indiana Department of Education provided specific training regarding the determination of eligibility and verification of income for the national school lunch program during their review in May of 2012.

The lunch room manager is responsible for direct certification, direct verification, determining the eligibility status for free and reduced lunch students, ensuring the completeness and accuracy of the free and reduced lunch applications, and completing the monthly lunch claim in accordance with the guidelines on the National school lunch program website.

In response to your finding, Imagine Fort Wayne Charter School, Inc. (School) will take the following steps to ensure that all applicants for the School's Free and Reduced Lunch Program are complete and accurate:

- Subsequent to July 1<sup>st</sup> of each year, the lunch room manager will review applications completed by parents to:
  - o verify income,
  - o determine eligibility for meal benefits
  - o ensure application is complete and accurate
  - o sign off on the back of the application as the responsible school official
- The school leader and business manager of the School will review all applications completed prior to the start of the school year to ensure the above steps are complete and accurate.
- A letter will then be issued in August of each year notifying parent(s) of the meal benefits that their child will receive during the school year.

Imagine Schools  
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P: 260-494-1818 • F: 260-422-2641 • [www.imagineSchools.com](http://www.imagineSchools.com)

*"Developing Character, Enriching Minds"*

- As new students enroll during the year, the school leader and business manager of the School will review those applications, as indicated above, prior to sending notification to the parents regarding their child's eligibility for meal benefits.
- The lunch room manager will also run a direct certification against the Indiana DOE website three times per year to determine if a student is eligible for free lunch and therefore exempt from completing an application. If a child is determined to be exempt from completing an application, the verification from the Indiana DOE website will be printed and maintained with the student's file.
- The lunch room manager will complete the direct verification process by selecting a sample of 3% of the income based free and reduced lunch program applications. The School shall verify income (if not cleared through the Indiana DOE website) by letter to the applicant requesting documentation. Upon completion of the direct verification process, the lunch room manager will provide to the School's administrator or business office for review, the applications selected with supporting documentation showing how the applicant's income was verified and any changes in meal benefits as a result of the verification. The lunch room manager will complete the direct verification report on the Indiana DOE website.

The School will also be purchasing a software program (ETritition – School nutrition solutions) that will allow the application process to be completed online by Parents which will help minimize any errors with accuracy in the future.

The School business office will review the monthly lunch claim with supporting documentation for accuracy and maintain a copy with the lunch claim deposit.

#### Capital Assets

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The school will complete an inventory of all furniture, equipment, textbooks, computers, etc. by classroom before the close of the fiscal year.